MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

DFA5054 – FINANCIAL ACCOUNTING

(All sections/Groups)

18 FEBRUARY 2023
9.00 a.m. -11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 7 pages excluding cover page with 4 questions only.
2. Answer **ALL** questions.
3. Please write your answers in the Answer Booklet provided.

QUESTION 1

PART A

Gan opened Gan Delivery Service on 1 May 2022. During the month, the following transactions were completed:

No	Transactions
1	Gan invested RM80,000 cash in the business.
2	Purchased a used van for RM24,000, paying RM15,000 cash and the balance on account.
3	Billed customer RM7,000 for delivery services performed.
4	Incurred advertising expense for May of RM1,000 on account.
5	Paid the balance amount owed on the van.
6	Paid RM2,500 cash for employee salaries.
7	Collected RM5,000 cash from customer billed in Transaction 2.

Required

(a) Prepare a tabular analysis of the business transactions using the following column headings:

	Asset =			**Liability**	**+ Owner's Equity**		
No	Cash (RM)	Account Receivables (RM)	Motor Vehicle (RM)	Account Payable (RM)	Owner's Capital (RM)	Revenue (RM)	Expenses (RM)

(12 marks)

(b) Based on the tabular analysis that you have prepared in (a), calculate the Net Profit for Gan Delivery Service. Show your calculation. (3 marks)

PART B

You are a Chartered Accountant at Tan & Co, an accounting firm that provides accounting and consulting services to companies in Melaka. Darian, who owned a computer shop, Meave Sdn. Bhd. approached your accounting firm for a business consultation. He informed you that two of his employees were caught red-handed conducting fraud a few months ago. Darian plans to implement a good internal control system over the cash receipt process in his company.

Required

(a) State **TWO (2)** factors that motivate employees at Meave Sdn. Bhd. to commit fraudulent activity. (1 mark)

Continued...

(b) Identify and explain **TWO (2)** internal control procedures that Darian can implement to safeguard his company's cash receipt process. (4 marks)

PART C

You are the accountant for Prism Company, a consulting company. You need to prepare a bank reconciliation for the company for July 2022. Prism Company had a cash balance per book of RM26,780 on 31 July 2022. The bank statement from Silk Bank showed a balance of RM28,700 on 31 July 2022. Based on the comparison that you have made between the company cash account and the bank statement, you have found the following information:

1. The outstanding cheque at 31 July is RM3,400.
2. The deposit in transit at 31 July is RM4,500.
3. On 31 July, the bank statement showed not sufficient funds (NSF) charge of RM900 for a cheque received by the company.
4. The bank statement includes RM4,000 note collected by the bank, plus interest of RM30, less a fee RM10. The collection has not been recorded by the company, and no interest has been accrued.
5. Bank service charge of RM100 was not recorded by the company for July 2022.

Required

Prepare a Bank Reconciliation at 31 July 2022. (5 marks)

(Total: 25 marks)

QUESTION 2

Shane opened a cat boarding and grooming business, M-Meow Company in November 2022. The transactions for M-Meow Company in November 2022 are presented below:

Nov 1	Shane invested RM200,000 cash in the business.
2	Purchased supplies for RM12,000 on credit from Smart Paw Sdn Bhd.
4	Shane hired two cat groomers and one administration clerk. All employees will start work on 15 November 2022.
7	Purchased equipment for RM26,800 from Viko Sdn Bhd. Shane paid 50% of the amount by cash and the balance will be paid at the end of the month.
10	Purchased a new van for RM30,000 by cash.
16	Performed a service for a customer and received cash, RM4,500.
17	Borrowed RM30,000 from TMA Bank by signing a note.
20	Billed a customer RM6,000 for three days of cat boarding service provided by the business.
21	Paid the outstanding balance for the purchase made on 2 November 2022.
22	Received cash from a customer who was billed on 20 November 2022.

Continued...

24	Shane withdraws RM5,000 in cash to pay his personal loans.
26	Paid RM13,400 for the equipment purchased on account from Viko Sdn Bhd on 7 November 2022.
27	Paid one month of rent for the building for RM5,600.
29	Paid RM3,600 for advertising and RM2,400 for utilities for the month.
30	Paid employees salaries RM9,000 by cash.

Required

(a) Journalise the above transactions. (15.5 marks)

(b) Prepare the ledger for selected accounts below:

(i) Cash Account
(ii) Supplies Account
(iii) Service Revenue Account
(iv) Salaries Expense Account

(5.5 marks)

(c) Prepare the Trial Balance for M-Meow Company as at 30 November 2022. (4 marks)

(Total: 25 marks)

QUESTION 3

PART A

The following details show the Trial Balance for Jack Company, an interior design company, at the end of June 2022. As an accountant at Jack Company, you are required to prepare the adjusting entries for the month of June 2022.

Jack Company
Trial Balance as at 30 June 2022

	Debit (RM)	Credit (RM)
Cash	RM16,500	
Office Supplies	8,000	
Prepaid Insurance	2,400	
Account Receivable	14,800	
Prepaid Rent	9,000	
Equipment	22,000	
Accumulated Depreciation -Equipment		RM900

Continued...

Account Payable		7,500
Unearned Service Revenue		8,600
Jack, Capital		50,000
Jack, Drawing	4,000	
Service Revenue		14,700
Rent Expense	3,500	
Utility Expense	1,500	
	RM81,700	**RM81,700**

The information below is useful to help you in preparing the adjusting entries:

1. A count on 30 June 2022 revealed that there were RM3,500 of office supplies still on hand.
2. A consultation service performed for a customer for RM2,600 on 29 June 2022 was not recorded.
3. Insurance expires at the rate of RM200 per month.
4. 50% of unearned service revenue was earned in June 2022.
5. Depreciation of the equipment for June 2022 is RM300.
6. Accrued salaries at June 2022 are RM1,400.

Required

(a) Journalise the adjusting entries for June 2022. (6 marks)

(b) Prepare the Adjusted Trial Balance for Jack Company as at 30 June 2022. (6.5 marks)

(c) Prepare the Statement of Profit or Loss for June 2022. (5.5 marks)

PART B

Enviro Company ended its fiscal year on 31 December 2021. The company's Adjusted Trial Balance is shown below:

Enviro Company
Adjusted Trial Balance as at 31 December 2021

	Debit (RM)	**Credit (RM)**
Cash	RM37,100	
Account Receivables	11,000	
Motor Vehicles	25,000	
Supplies	13,000	
Accumulated Depreciation- Motor Vehicle		RM4,400

Continued...

Account Payable		5,200
Unearned Service Revenue		8,200
Owner's Capital		63,600
Owner's Drawing	7,200	
Service Revenue		38,600
Depreciation Expense-Motor Vehicle	2,900	
Maintenance and Repair Expense	3,000	
Utility Expense	6,600	
Salaries Expense	7,000	
Rent Expense	5,400	
Advertising Expense	800	
Supplies Expense	1,000	
	RM120,000	**RM120,000**

Required

Prepare the closing entries for December 2021. (7 marks)

(Total: 25 marks)

QUESTION 4

PART A

Zee Shan operates Zee Company in Cheras, Kuala Lumpur. The company distributes storage boxes to retail stores across Malaysia. The following transactions were completed in October 2022.

Oct 1	Purchased storage boxes on account for RM18,000 from TCS Company, FOB shipping points, term 5/10, n/30. The appropriate party made a cash payment of RM150 for freight.
2	Purchased storage boxes on cash, RM9,000 from Maxima Supply.
3	Sold storage boxes on account to Bliss Company for RM6,000, FOB destination, terms 2/10, n/30. The cost of the merchandise sold was RM4,300. The appropriate party also made a payment of RM170 for freight.
4	Granted an allowance of RM200 to Bliss Company on 3 October for storage boxes that had a minor defect.
6	Received credit of RM900 from TCS Company for five unit storage boxes that were returned.
7	Received payment in full, less a discount, from Bliss Company.
9	Zee Shan calls Nimko Company to inquire about the price and quality of storage boxes manufactured by the company.
10	Paid TCS Company in full.

Continued...

15	Purchased storage boxes from Nimko Company on account for RM12,000, FOB destination, terms 1/10, n/30.
20	Sold storage boxes for cash RM13,500 to Ruchi Company. The storage boxes sold had a cost of RM7,600.
27	Paid Nimko Company in full.

Required

Prepare the journal entries to record the transactions using a perpetual inventory system.
(15.5 marks)

PART B

The Statement of Financial Position for Orello Company, a shoe manufacturing company is presented below:

Orello Company
Statement of Financial Position
As at 31 July 2022

	RM	RM
Assets		
Property, Plant and Equipment		
Equipment	76,000	
Less: Accumulated Depreciation - Equipment	(18,500)	57,500
Current Assets		
Prepaid Rent	2,700	
Supplies	6,500	
Account Receivables (net)	9,000	
Short-Term Investment	4,000	
Cash	11,000	
Total Current Assets		33,200
Total Assets		90,700
Owner's Equity and Liabilities		
Owner's Equity		
Owner's Capital		68,000
Current Liabilities		
Unearned Service Revenue	10,200	
Account Payable	12,500	
Total Current Liabilities		22,700
Total Owner's Equity and Liabilities		90,700

Continued...

Additional information

- The Account Receivable (net) for July 2021 was RM17,000.
- Net Credit Sales were RM21,000 in July 2021 and RM29,000 in July 2022.

Required

(a) Compute the following ratios at 31 July 2022. State the formula for each ratio. Write your answer in two decimal places. (7.5 marks)

(i) Current Ratio
(ii) Acid-test Ratio
(iii) Account Receivable Turnover ratio

(b) What is the purpose of the **Account Receivable Turnover** ratio? (2 marks)

(Total: 25 marks)

End of Paper